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FOR INFORMATION

HARMONIZATION OF THE PRESENTATION OF THE FINANCIAL STATEMENTS AND THE BUDGET

SUMMARY

The present report was prepared in response to General Assembly resolution 49/216 E of 23 December 1994, which requested the United Nations Children's Fund, the United Nations Development Programme and the United Nations Population Fund to report on the status of the harmonization of the presentation of budgets and accounts.

* E/ICEF/1995/20.

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INTRODUCTION

1. At its third regular session in October 1994, the Executive Board of UNICEF adopted decision 1994/R.3/6 in which it requested the Executive Director of UNICEF, in the context of General Assembly decision 47/449 of 22 December 1992, to cooperate with other United Nations programmes and funds to work towards harmonizing their presentation of budgets and accounts with a view to achieving common definitions, particularly of administrative costs, and obtaining a higher degree of financial transparency and comparability, and to report thereon to the Executive Board at its third regular session in 1995.

2. A similar decision was adopted by the Executive Boards of the United Nations Development Programme (UNDP) and the United Nations Population Fund (UNFPA).

3. The status of the undertaking towards harmonization is given below.

I. HARMONIZATION OF FINANCIAL STATEMENTS

4. Following General Assembly decision 47/449 of 22 December 1992 and General Assembly resolution 48/216 C of 23 December 1993, the Administrative Committee on Coordination (ACC), through its Consultative Committee on Administrative Questions (Financial and Budgetary Questions) (CCAQ(FB)), established the Working Party on Financial Statements. This built on the work of the previous CCAQ(FB) Working Party which had developed the United Nations system accounting standards presented to the General Assembly at its forty-eighth session. It had always been recognized that the adoption of these accounting standards would not of itself necessarily lead to greater uniformity in the presentation of financial reports and accounts (statements) of organizations and that the logical next step would be the formation of a working party on financial statements.

5. The new Working Party, with the full participation of senior financial officials of the United Nations programmes and organizations of the United Nations system, including UNICEF, held its first meeting in Geneva in June 1994 and a second meeting in New York in December 1994. Following the second meeting, there was an informal meeting with members of the Technical Group of the Panel of External Auditors, who expressed their satisfaction with the progress made.

6. The report of the second meeting of the Working Party (ACC/1995/FB/R.5) was submitted to CCAQ(FB) for consideration in February 1995. CCAQ(FB) approved the proposed programme of work for a third meeting of the Working Party, to be held in Geneva in June 1995. It is expected that the Working Party will be able to finish its work at that session and then discuss its recommendations informally with the Technical Group of the Panel of External Auditors during July. Thereafter, CCAQ(FB) would consider the final report of the Working Party at its session in late August 1995. This would allow for the finalization of statement formats and instructions, and any revisions, to the Accounting Standards in time for reporting to the General Assembly, as planned, in 1996.

II. HARMONIZATION OF BIENNIAL BUDGETS

7. As a follow-up to Executive Board decision 1994/R.3/6, UNDP, UNICEF and UNFPA initiated consultations on the subject of the harmonization of budgets with regard to presentation, common definitions, higher degree of financial transparency and comparability.

8. On behalf of the three agencies, a consultant was engaged by UNDP to study the existing budget presentations of the respective agencies and to identify differences that exist in format and conceptual nature. A draft report has now been provided to the three agencies as a basis for future discussion. The report does not contain any conclusions or recommendations, but points out the differences in presentation of the respective budgets of the three agencies (UNDP, UNICEF and UNFPA).

9. After a joint review of the report, the next step would be to identify common areas where harmonization is feasible. However, it is important to note that the recently completed management study of UNICEF will have a number of implications of this work. The management study dealt extensively with budgetary matters, in particular recommendations to integrate programme and administrative budgets for the organization and develop a more analytical budgeting process.

10. Given the time-frame, it is not expected that the final findings and conclusions of the agencies on harmonization will have an impact on the 1996-1997 budgets. Nevertheless, the secretariat will continue discussions on harmonization, particularly with regard to common terms and definitions and report these issues to the Executive Board through the Advisory Committee on Administrative and Budgetary Questions. The Executive Boards of the three agencies will be kept informed through regular progress reports.